

**ORLEANS PUBLIC DEFENDERS**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date **JAN 25 2012**

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## INDEPENDENT AUDITORS' REPORT

To the District Defender  
**Orleans Public Defenders**  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the **Orleans Public Defenders (OPD)** as of and for the year ended June 30, 2011, which collectively comprise **OPD's** basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of **OPD's** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major fund of **OPD**, as of June 30, 2011 and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.


## INDEPENDENT AUDITORS' REPORT

(CONTINUED)

To the District Defender  
**Orleans Public Defenders**  
New Orleans, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2011 on our consideration of **OPD's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 16, 2011

**ORLEANS PUBLIC DEFENDERS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The Orleans Public Defenders' (OPD) Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of OPD's financial activity, and identify changes in OPD's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the year ended June 30, 2011.

The following is an illustration of how this financial report is presented.

<p style="text-align:center"><b>MD&amp;A</b> Management's Discussion and Analysis (Required Supplementary Information)</p>
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<p style="text-align:center"><b>Basic Financial Statements</b> Government-Wide Financial Statements Fund Financial Statements Notes to the Financial Statements</p>
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<p style="text-align:center"><b>Other Required Supplementary Information</b> Required Supplementary Information</p>
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**ORLEANS PUBLIC DEFENDERS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of **OPD's** finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of **OPD's** assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of **OPD** is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. **OPD**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of **OPD** are categorized as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**ORLEANS PUBLIC DEFENDERS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Governmental funds, continued.** Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and net change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**OPD** maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and net change in fund balance for the general fund, which is considered to be the major fund.

**OPD** adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 27 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning **OPD's** budgetary comparison schedule for its major governmental fund. The required supplementary information can be found on page 28 of this report.



**ORLEANS PUBLIC DEFENDERS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Financial Analysis of OPD**

*Summary of Net Assets*

	As of	
	June 30, 2011	June 30, 2010
<b>Assets</b>		
Current assets	\$ 682,817	\$ 881,817
Capital assets, net book value	68,690	73,019
Total assets	<u>751,507</u>	<u>954,836</u>
<b>Liabilities</b>		
Current liabilities	<u>540,782</u>	<u>425,429</u>
Total liabilities	<u>540,782</u>	<u>425,429</u>
<b>Net Assets</b>		
Invested in capital assets	68,690	73,019
Restricted	107,523	-0-
Unrestricted	<u>34,512</u>	<u>354,339</u>
Total net assets	<u>\$ 210,725</u>	<u>\$ 427,358</u>

As indicated by the statement above, total net assets at June 30, 2011 are \$210,725. Net assets are separated into three categories: invested in capital assets, temporarily restricted, and unrestricted net assets.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$278,003, which is an accumulation of capital assets year after year less any capital disposals. Accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, and expensed over the estimated useful life of the asset. Total accumulated depreciation is \$209,313.

**ORLEANS PUBLIC DEFENDERS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Financial Analysis of OPD, Continued**

Restricted net assets are \$107,523. Restricted net assets include gifts and contributions for which donor-imposed restrictions have not been met.

The remaining \$34,512 in net assets is unrestricted. Unrestricted net assets are an accumulation of prior years' operating results. This balance is directly affected each year by OPD's operating results.

**Results of Operations**

	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
<b>Revenues</b>		
Operating revenues	\$ 9,151,794	\$ 6,977,474
Non-operating revenues	639	2,170
Total revenues	<u>9,152,433</u>	<u>6,979,644</u>
<b>Expenses</b>		
Personnel services and benefits	6,143,660	5,294,277
Operating services	<u>3,225,406</u>	<u>3,036,003</u>
Total expenses	<u>9,369,066</u>	<u>8,330,280</u>
Decrease in net assets	<u>\$ (216,633)</u>	<u>\$ (1,350,636)</u>

As indicated above, net assets decreased by \$216,633 due to an excess of operating expenses over operating revenues, which may be attributed to an increase in personnel and contractors hired to handle a higher workload.

**ORLEANS PUBLIC DEFENDERS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Results of Operations, Continued**

Total expenses for the year ended June 30, 2011 increased when compared to the year ended June 30, 2010 due to an increase in salaries and related benefits as a result of more personnel hired to handle a higher workload. Operating revenues for the year ended June 30, 2011 increased when compared to operating revenues for the year ended June 30, 2010 due to an increase in both District Assistance Funds received from the Louisiana Public Defender Board and budget appropriation funds received from the City of New Orleans.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2011, OPD has \$68,690 (net of accumulated depreciation of \$209,313) invested in furniture, fixtures and equipment. There were no significant changes in capital assets when compared to June 30, 2010.

**Economic Factors and Next Year's Budget**

The major factors affecting the budget are statutory revenues received from court costs on fines and forfeitures, which includes fees received from traffic, municipal, juvenile and criminal courts; the district allotment from the Louisiana Public Defender Board; and the budget appropriation by the City of New Orleans. Additionally, OPD receives grants and bond funds.

**Budgetary Highlights**

As required by state law, OPD adopts the original budget prior to the commencement of the fiscal year to which the budget applies. OPD amended its original budget for the year ended June 30, 2011 to reflect an increase in pass-through funding from the state, and a decrease in anticipated city appropriations revenue.

**Contacting OPD Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of OPD's finances, and demonstrate OPD's accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Derwyn D. Bunton, District Defender, at 2601 Tulane Avenue, Suite 700, New Orleans, Louisiana 70119.

**ORLEANS PUBLIC DEFENDERS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

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	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents (NOTE 2)	\$ 212,215
Prepaid expenses	30,032
Court costs on fines and forfeitures receivable	190,917
City appropriations receivable	75,000
Grants receivable	141,383
Other receivables	<u>33,270</u>
Total current assets	<u>682,817</u>
Capital assets, net (NOTE 3)	<u>68,690</u>
Total assets	<u><u>\$ 751,507</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts payable	<u>\$ 342,336</u>
Total current liabilities	<u>342,336</u>
Compensated absences (NOTES 1 and 9)	<u>198,446</u>
Total liabilities	<u>540,782</u>
<b><u>NET ASSETS (NOTE 8)</u></b>	
Invested in capital assets	68,690
Restricted	107,523
Unrestricted	<u>34,512</u>
Total net assets	<u><u>\$ 210,725</u></u>

The accompanying notes are an integral part of these financial statements.

**ORLEANS PUBLIC DEFENDERS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**OPERATING REVENUES**

District assistance funds (NOTE 6)	\$ 5,304,203
Court costs on fines and forfeitures	2,271,037
City appropriations	750,000
Reimbursements and attorney fees	243,241
Bond funds	228,908
Grants (NOTE 7)	354,105
Other revenue	<u>300</u>
Total operating revenues	<u>9,151,794</u>

**OPERATING EXPENSES**

Personnel services and benefits	6,143,660
Professional development	74,948
Other operating costs	3,108,957
Depreciation	<u>41,501</u>
Total operating expenses	<u>9,369,066</u>
Net operating loss	<u>(217,272)</u>

**NON-OPERATING REVENUES**

Interest income	<u>639</u>
Total non-operating revenues	<u>639</u>
Decrease in net assets	<u>(216,633)</u>
Net assets - June 30, 2010	529,407
Prior period adjustment (NOTE 9)	<u>(102,049)</u>
Net assets - June 30, 2010, as restated	<u>427,358</u>
Net assets - June 30, 2011	<u>\$ 210,725</u>

The accompanying notes are an integral part of these financial statements.

**ORLEANS PUBLIC DEFENDERS**  
**BALANCE SHEET-GOVERNMENTAL FUND**  
**JUNE 30, 2011**

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	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 212,215
Prepaid expenses	30,032
Court costs on fines and forfeitures receivable	190,917
City appropriations receivable	75,000
Grants receivable	54,383
Other receivables	<u>33,270</u>
 Total assets	 <u>\$ 595,817</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>	
Liabilities:	
Accounts payable	<u>\$ 342,336</u>
 Total liabilities	 <u>342,336</u>
 Fund Balance	
Restricted (NOTE 8)	95,523
Unassigned (NOTES 8 and 9)	<u>157,958</u>
 Total fund balance	 <u>253,481</u>
 Total liabilities and fund balance	 <u>\$ 595,817</u>

The accompanying notes are an integral part of these financial statements.

**ORLEANS PUBLIC DEFENDERS**  
**RECONCILIATION OF THE BALANCE SHEET-**  
**GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

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Total fund balance - Governmental Fund		<u>\$ 253,481</u>
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund (NOTE 3):		
Cost of capital assets	278,003	
Accumulated depreciation	<u>(209,313)</u>	
		<u>68,690</u>
Receivables are not available to meet the liabilities of the current period and therefore are not reported in the governmental fund:		
City appropriation receivable	75,000	
Grant receivable	<u>12,000</u>	
		<u>87,000</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund (NOTES 1 and 9):		
Compensated absences		<u>(198,446)</u>
Net assets of governmental activities		<u>\$ 210,725</u>

The accompanying notes are an integral part of these financial statements

**ORLEANS PUBLIC DEFENDERS**  
**STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE**  
**IN FUND BALANCE--GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>General Fund</u>
<b><u>REVENUES (NOTE 12)</u></b>	
District assistance funds	\$ 5,304,203
City appropriations	675,000
Court costs on fines and forfeitures	2,271,037
Reimbursements and attorney fees	243,241
Bond funds	228,908
Grants	342,105
Interest income	639
Other revenue	<u>300</u>
Total revenues	<u>9,065,433</u>
 <b><u>EXPENDITURES (NOTE 12)</u></b>	
Personnel services and benefits	6,047,263
Professional development	74,948
Other operating costs	3,108,957
Capital outlays	<u>37,172</u>
Total expenditures	<u>9,268,340</u>
Net change in fund balance	<u>(202,907)</u>
Fund Balance - June 30, 2010	<u>456,388</u>
Fund Balance - June 30, 2011	<u>\$ 253,481</u>

The accompanying notes are an integral part of these financial statements.



**ORLEANS PUBLIC DEFENDERS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND NET CHANGE IN FUND BALANCE--GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Total net change in fund balance--Governmental Fund	<u>\$ (202,907)</u>
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Amounts reported for governmental activities in the statement of net assets are different because:

The governmental fund reports capital outlays as expenditures, whereas in the statement of activities these costs are depreciated over their estimated lives:

Capital assets purchased	37,172	
Depreciation expense	<u>(41,501)</u>	
		<u>(4,329)</u>

Revenues earned in the current fiscal year but not available to meet the liabilities of the current fiscal year may not be included as governmental fund revenue:

City appropriation revenue	75,000	
Grant revenue	<u>12,000</u>	
		<u>87,000</u>

Long-term compensated absences are reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in the governmental fund (NOTES 1 and 9)

(96,397)

Decrease in net assets of governmental activities	<u>\$ (216,633)</u>
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The accompanying notes are an integral part of these financial statements.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES:**

Background

**Orleans Public Defenders (OPD)**, established in compliance with Louisiana Revised Statutes 15:146 et seq., provides counsel to represent indigents (needy individuals) in criminal, quasi-criminal, juvenile, municipal and traffic cases at the District Court level. The 41<sup>st</sup> Judicial District encompasses the Parish of Orleans, Louisiana. All duties and responsibilities for the management of personnel, property and funds are, by virtue of Act 307, those of the District Defender. Revenues to finance **OPD's** operations are provided primarily by District Assistance Funds from the Louisiana Public Defender Board (LPDB), City of New Orleans budget appropriations, and court costs on fines imposed by the various courts within the district.

Summary of Significant Accounting Policies

**A. Implementation of GASB Statements**

Beginning with fiscal year 2011, **OPD** implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**Summary of Significant Accounting Policies, Continued**

**A. Implementation of GASB Statements, Continued**

- Committed fund balance—amounts constrained to specific purposes by **OPD** itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless **OPD** takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts **OPD** intends to use for a specific purpose. Intent can be expressed by the District Defender or by an official to which the District Defender delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

At June 30, 2011, **OPD** had no nonspendable, committed, or assigned fund balances.

**B. Basis of Presentation**

The accompanying financial statements of **OPD** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - **BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

C. **Reporting Entity**

For financial reporting purposes, in conformance with GASB Codification Section 2100, **OPD** is a part of the District Court System of the State of Louisiana. However, **OPD** operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, **OPD** reports as an independent reporting entity and the financial statements include only the transactions of **OPD**.

D. **Fund Accounting**

**OPD** uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain **OPD** functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of **OPD** are classified as governmental.

The governmental funds account for all of **OPD's** general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of **OPD**. The following is a description of **OPD's** governmental fund:

**General Fund** - the operating fund of **OPD** which accounts for all financial resources. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to **OPD**.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

E. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **OPD**.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and net change in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**E. Basis of Accounting/Measurement Focus, Continued**

**Fund Financial Statements (FFS), Continued**

FFS report detailed information about **OPD**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. **OPD** uses the following practices in recording revenues and expenditures.

**Revenues**

Court costs on fines and forfeitures are recorded in the month the amounts are collected by the appropriate courts. District Assistance Funds and City of New Orleans appropriations are recorded in the period corresponding to the fiscal year of the granting agency. Interest income on deposits is recorded as the interest is earned.

**Expenditures**

Expenditures are recognized in the accounting period in which the liability is incurred.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**F. Budgetary Data**

**OPD's** Governing Authority as of July, 2008, is the District Defender by virtue of Act 307.

**OPD** utilizes the following budget practices:

- In the last quarter of the year, a budget for the following year is prepared and submitted to the Governing Authority for approval. The budget may be amended during the year, if requested, with the approval of the Governing Authority.
- The budget records are maintained in the accounting department with all other public records of this program and can be reviewed by making arrangements with the Governing Authority.
- The budget is based on prior year experience as to receipts and disbursements and takes into consideration increases in costs of services and supplies, taxes, insurance and equipment, as well as the increased costs of salaries and fringe benefits when raises and/or new positions are authorized. The budget as a whole is based on the amount of money that is available and the disbursements that are necessary to maintain the efficient operation of this program.
- Monthly financial reports are submitted to the Governing Authority, which in part list the amount of the budget that has been used for that period and indicates a favorable or unfavorable difference as to the budget amount attributed to the period of time being reported.
- All budgetary appropriations lapse at the end of the fiscal year and **OPD** does not use a system of encumbrance accounting.
- The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - BACKGROUND AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. Under state law, OPD may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other law of the United States, or under the laws of the United States.

**H. Capital Assets**

Capital assets are stated at historical cost at the date of purchased or at fair market value at the date of donation, if donated. Additions, improvements, and expenditures greater than \$1,000 that significantly extend the useful life of an asset are capitalized.

Depreciation is provided over the estimated useful lives of assets using the straight-line method. The estimated useful life of furniture, fixtures and equipment is 5 years (see NOTE 3).

**I. Compensated Absences**

Employees earn one and one-half (1½) days of annual leave each month. Sick leave is earned at the rate of one (1) day each month. A maximum of 80 hours of annual leave and all sick leave may be carried over to the subsequent year. Upon termination of employment, any unused accrued annual leave is payable to the employee while any unused sick leave is forfeited (see NOTE 9).

**J. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - CASH AND CASH EQUIVALENTS:**

At June 30, 2011, **OPD** has cash and cash equivalents (book balances) totaling \$212,215. These deposits are stated at cost, which approximates market. Under state law, **OPD's** deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that, in the event of a failure of a financial institution or counterparty, **OPD** would not be able to recover its deposits, investments or collateral securities that are in possession of an outside party. At June 30, 2011, **OPD** has \$212,215 in non-interest-bearing deposits (collected bank balances). The Federal Deposit Insurance Corporation (FDIC) provides temporary unlimited deposit insurance coverage on these accounts which will remain in effect through December 31, 2012. At June 30, 2011 **OPD's** deposits were fully insured.

**NOTE 3 - CAPITAL ASSETS:**

Capital assets and depreciation activity as of and for the year June 30, 2011 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital assets</u>				
Furniture, fixtures and equipment	\$ 251,660	\$ 37,172	\$ (10,829)	\$ 278,003
Less: accumulated depreciation	(178,641)	(41,501)	10,829	(209,313)
Net capital assets	<u>\$ 73,019</u>	<u>\$ (4,329)</u>	<u>\$ -0-</u>	<u>\$ 68,690</u>

**NOTE 4 - PENSION PLAN:**

**OPD's** employees participate in the federal social security program. **OPD** is required to remit an amount to the Social Security Administration equal to the employee's contribution up to an established limit. **OPD** does not guarantee any of the benefits granted by the Social Security Administration.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5 - OPERATING LEASE:**

**OPD** has an operating lease for office space that ends June 20, 2012 with a monthly lease payment of \$24,500. As of June 30, 2011, future minimum rental payments under the lease total \$294,000 for the fiscal year ending June 30, 2012.

Total lease expense for the year ended June 30, 2011 was \$307,305.

**NOTE 6 - DISTRICT ASSISTANCE FUND:**

During the year June 30, 2011, **OPD** was awarded and received grant funds from the LPDB's District Assistance Fund. The District Assistance Fund is a grant-in-aid program providing supplemental financial assistance in felony cases to district public defenders that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the LPDB.

Funding under the program is being provided to assist qualified districts in improving the quality of indigent defense on a continuous basis, especially with respect to the following major goals:

- 1) To lower attorney caseloads to levels consistent with LPDB and national caseload standards;
- 2) To increase the pool of qualified attorneys certified under the LPDB's capital and appellate programs;
- 3) To provide more effective attorney unit support in the form of investigators, secretaries, and other forms of office support;
- 4) To improve criminal defense knowledge and skill through training, specialized continuing legal education, and better supervision; and
- 5) To defray expert witness/testing costs.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 7 - GRANTS:**

**OPD** received grant funding from the following sources during the year ended June 30, 2011:

Open Society Institute	\$ 100,000
Vital Projects Fund	60,000
City of New Orleans	42,189
Equal Justice Works	39,000
Louisiana Supreme Court	34,000
Other	<u>78,916</u>
Total	<u>\$ 354,105</u>

**NOTE 8 - CLASSIFICATION OF NET ASSETS AND FUND BALANCES:**

On the GWFS, net assets are separated into three categories: invested in capital assets, restricted, and unrestricted. On the FFS, fund balances are separated into two categories: unassigned and restricted.

The restricted balance in each fund is the portion of previously recognized grant revenues for which donor-imposed restrictions have not yet been met. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent.

On the GWFS, restricted net assets as of June 30, 2011 are as follows:

Net assets restricted for:

Attorney training and communications	\$ 36,466
Pre-trial services	55,000
Racial justice improvement project	<u>16,057</u>
Total	<u>\$ 107,523</u>

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 8 - CLASSIFICATION OF NET ASSETS AND FUND BALANCES,**  
**CONTINUED:**

On the FFS, restricted fund balances as of June 30, 2011 are as follows:

Net assets restricted for:

Attorney training and communications	\$ 36,466
Pre-trial services	55,000
Racial justice improvement project	<u>4,057</u>
Total	<u>\$ 95,523</u>

**NOTE 9 - PRIOR PERIOD ADJUSTMENT:**

**OPD's** policy with respect to annual leave has been to: 1) accrue annual leave for its employees on a pro rata basis; 2) permit the carry forward of up to 80 hours of unused accrued annual leave from year to year; and 3) allow employees to exhaust any accrued annual leave before termination, or be compensated for the unused annual leave balance.

During fiscal year 2011, **OPD** implemented GASB 16, *Accounting for Compensated Absences*, and recognized a liability of \$198,446 for the amount of unused accrued annual leave at June 30, 2011, of which \$102,049 relates to the prior year. As a result, beginning net assets as previously reported were decreased by \$102,049.

**NOTE 10 - RISK MANAGEMENT:**

**OPD** is exposed to various risks of loss related to torts, theft of, and damage to or destruction of assets, for which **OPD** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 11 - DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through December 16, 2011, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the financial statement date requiring accrual or disclosure.

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12- GOVERNMENTAL FUND REVENUES AND EXPENDITURES:**

For the year June 30, 2011, the major sources of governmental fund revenues and expenditures were as follows:

**Revenues:**

**State Government**

Appropriations - general	\$ 5,304,203	
Appropriations - special	-0-	
Revenue sharing	-0-	
Grants	-0-	
On-behalf payments	-0-	
Other	242,536	
Total		<u>\$ 5,546,739</u>

**Local Government**

Appropriations - general	675,000	
Appropriations - special	-0-	
Grants	42,189	
Statutory fines, forfeitures, fees, court costs, and other	2,500,650	
Taxes - millages, sales, special, and other	-0-	
Criminal court fund	-0-	
On-behalf payments	-0-	
Other	-0-	
Total		<u>3,217,839</u>

**Federal Government**

Grants - direct	-0-	
Grants - indirect (passed-through state)	-0-	
Total		<u>-0-</u>

**Other Grants and Contributions**

Non-profit organizations	299,916	
Private organizations	-0-	
Corporate	-0-	
Other	300	
Total		<u>300,216</u>

**Charges for Services**

-0-

**Investment earnings**

639

**Miscellaneous**

-0-

Total revenues \$ 9,065,433

**ORLEANS PUBLIC DEFENDERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12- GOVERNMENTAL FUND REVENUES AND EXPENDITURES.**  
**CONTINUED:**

**Expenditures:**

**Personnel Services and Benefits**

Salaries	\$ 5,020,415	
On-behalf payments - salaries	-0-	
Retirement contributions	-0-	
On-behalf payments - retirement	-0-	
Insurance	630,125	
On-behalf payments - insurance	-0-	
Payroll taxes	396,723	
Other	-0-	
Total		<u>\$ 6,047,263</u>

**Professional Development**

Dues, licenses, and registrations	35,573	
Travel	-0-	
Other	39,375	
Total		<u>74,948</u>

**Operating Costs**

Library and research	42,286	
Contract services - attorney/legal	2,364,650	
Contract services - other	106,370	
Lease - office	294,000	
Lease - autos and other	13,306	
Travel - transportation	31,552	
Travel - other	11,513	
Insurance	29,293	
Supplies	69,510	
Repairs and maintenance	6,441	
Utilities and telephone	73,056	
Other	66,980	
Total		<u>3,108,957</u>

**Debt Service** -0-

**Capital outlay** 37,172

**Total expenditures** \$ 9,268,340

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ORLEANS PUBLIC DEFENDERS**  
**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>Revenues:</b>				
Court costs on fines and forfeitures	\$ 2,000,000	\$ 2,300,000	\$ 2,271,037	\$ (28,963)
Reimbursements and attorney fees	-0-	230,000	243,241	13,241
Interest	500	500	639	139
District assistance funds	4,700,000	5,304,155	5,304,203	48
City appropriations	3,500,000	675,000	675,000	-0-
Grants	270,000	320,000	342,105	22,105
Bond funds	230,000	215,000	228,908	13,908
Other revenue	-0-	-0-	300	300
Total revenues	<u>10,700,500</u>	<u>9,044,655</u>	<u>9,065,433</u>	<u>20,778</u>
<b>Expenditures:</b>				
<b>Personnel services:</b>				
Salaries	5,700,000	5,020,000	5,020,415	(415)
Payroll taxes	436,000	400,000	396,723	3,277
Insurance	750,000	630,000	630,125	(125)
Professional Development	100,000	70,000	74,948	(4,948)
<b>Operating Costs</b>				
Contract services - attorneys/legal	1,610,000	2,290,000	2,364,650	(74,650)
Contract services - other	112,000	112,000	106,370	5,630
Lease - office	294,000	294,000	294,000	-0-
Lease - equipment	10,000	14,000	13,306	694
Supplies	70,000	70,000	69,510	490
Insurance	70,000	32,000	29,293	2,707
Library and research	32,000	42,000	42,286	(286)
Utilities and telephone	85,000	85,000	73,056	11,944
Repairs and maintenance	6,000	6,000	6,441	(441)
Other	175,000	110,000	110,045	(45)
Capital outlays	<u>50,000</u>	<u>25,000</u>	<u>37,172</u>	<u>(12,172)</u>
Total expenditures	<u>9,500,000</u>	<u>9,200,000</u>	<u>9,268,340</u>	<u>(68,340)</u>
 Net change in fund balance	 1,200,500	 (155,345)	 (202,907)	 (47,562)
 Fund balance - June 30, 2010	 <u>456,388</u>	 <u>456,388</u>	 <u>456,388</u>	 <u>-0-</u>
 Fund balance - June 30, 2011	 <u>\$ 1,656,888</u>	 <u>\$ 301,043</u>	 <u>\$ 253,481</u>	 <u>\$ (47,562)</u>

See Accompanying Independent Auditors' Report.





Member  
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Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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To the District Defender  
**Orleans Public Defenders**  
New Orleans, Louisiana

We have audited the financial statement of governmental activities and the major fund of **Orleans Public Defenders (OPD)** as of and for the year June 30, 2011, which collectively comprise **OPD's** basic financial statements, and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered **OPD's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **OPD's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **OPD's** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  

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 (CONTINUED)

**Internal Control Over Financial Reporting, Continued**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of OPD's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 11-01 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether OPD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

OPD's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit OPD's response and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

This report is intended solely for the information and use of the District Defender, management, the Louisiana Legislative Auditor, State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2011

**ORLEANS PUBLIC DEFENDERS**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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We have audited the financial statements of the **Orleans Public Defenders** as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011 resulted in an unqualified opinion.

**Section I - Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None reported** Material weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **No**
- C. Significant deficiencies in internal control over major programs: **Not applicable** Material weaknesses: **Not applicable**
- D. The type of report issued on compliance for major programs: **Not applicable**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **Not applicable**
- F. Major programs: **Not applicable**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **Not applicable**
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **Not applicable**
- I. A management letter was issued: **No**

**ORLEANS PUBLIC DEFENDERS**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section II - Internal Control and Compliance**  
**Material to the Financial Statements**

Finding Reference Number

11-01 - Accrued vacation liability

Criteria

Management must evaluate **OPD's** policies to ensure that personnel-related liabilities and expenses are properly accounted for in the financial statements.

Condition

Generally accepted accounting principles were not applied with regard to **OPD's** accrued vacation leave policy. We noted a vacation accrual had not been recorded at June 30, 2011.

Effect

Liabilities and net assets at June 30, 2011 were understated by \$198,446, while expenses for fiscal year 2011 were understated by \$96,397, resulting in a material misstatement of the financial statements.

Cause

Management misinterpreted GASB 16, *Accounting for Compensated Absences*, with respect to **OPD's** policy for unused accrued vacation leave.

Recommendation

We recommend that **OPD** review the accounting literature with respect to its policies to ensure that liabilities and expenses are appropriately recognized in the financial statements in the proper accounting period.

**ORLEANS PUBLIC DEFENDERS**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section II - Internal Control and Compliance**  
**Material to the Financial Statements, Continued**

Finding Reference Number, Continued

11-01 - Accrued vacation liability

Management's Response

Historically, management had not recognized a liability in the financial statements for accrued annual leave, as OPD's standard practice was to allow employees to use their accrued annual leave prior to separation from service. However, accrued annual leave is recognized as a liability in the current year financial statements. Management will review the accounting literature on an ongoing basis to ensure the financial impact of OPD's policies are properly reflected, in accordance with generally accepted accounting principles.

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**ORLEANS PUBLIC DEFENDERS**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section I - Internal Control and Compliance**  
**Material to the Financial Statements**

No findings reported.

**Section II - Internal Control and Compliance**  
**Material to Federal Awards**

Not applicable.

**Section III - Management Letter**

No management letter comment noted.

## **ORLEANS PUBLIC DEFENDERS**

### **EXIT CONFERENCE**

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An exit conference was held on December 29, 2011. The following persons were in attendance:

### **ORLEANS PUBLIC DEFENDERS**

Mr. Derwyn D. Bunton	--	District Defender
Ms. Dannielle Berger	--	Director of Administration

### **BRUNO & TERVALON LLP**

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Ms. Sherina C. Lewis, CPA	--	Manager
Ms. Margaret Y. Bell	--	Staff Accountant